

Amendment No. 2

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	—	(Y/N)
ADOPTED AS AMENDED	—	(Y/N)
ADOPTED W/O OBJECTION	—	(Y/N)
FAILED TO ADOPT	—	(Y/N)
WITHDRAWN	—	(Y/N)
OTHER	—	

1 Committee/Subcommittee hearing PCS: Economic Affairs Committee  
2 Representative Hukill offered the following:

3  
4 **Amendment (with directory and title amendments)**

5 Remove lines 1145-1738 and insert:

6 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

7 (c) The corporation's plan of operation:

8 1. Must provide for adoption of residential property and  
9 casualty insurance policy forms and commercial residential and  
10 nonresidential property insurance forms, which must be approved  
11 by the office before use. The corporation shall adopt the  
12 following policy forms:

13 a. Standard personal lines policy forms that are  
14 comprehensive multiperil policies providing full coverage of a  
15 residential property equivalent to the coverage provided in the  
16 private insurance market under an HO-3, HO-4, or HO-6 policy.

17 b. Basic personal lines policy forms that are policies  
18 similar to an HO-8 policy or a dwelling fire policy that provide  
19 coverage meeting the requirements of the secondary mortgage

Amendment No. 2

20 market, but which is more limited than the coverage under a  
21 standard policy.

22 c. Commercial lines residential and nonresidential policy  
23 forms that are generally similar to the basic perils of full  
24 coverage obtainable for commercial residential structures and  
25 commercial nonresidential structures in the admitted voluntary  
26 market.

27 d. Personal lines and commercial lines residential  
28 property insurance forms that cover the peril of wind only. The  
29 forms are applicable only to residential properties located in  
30 areas eligible for coverage under the coastal account referred  
31 to in sub-subparagraph (b)2.a.

32 e. Commercial lines nonresidential property insurance  
33 forms that cover the peril of wind only. The forms are  
34 applicable only to nonresidential properties located in areas  
35 eligible for coverage under the coastal account referred to in  
36 sub-subparagraph (b)2.a.

37 f. The corporation may adopt variations of the policy  
38 forms listed in sub-subparagraphs a.-e. which contain more  
39 restrictive coverage.

40 g. Effective January 1, 2013, the corporation shall offer  
41 a basic personal lines policy similar to an HO-8 policy.

42 2. Must provide that the corporation adopt a program in  
43 which the corporation and authorized insurers enter into quota  
44 share primary insurance agreements for hurricane coverage, as  
45 defined in s. 627.4025(2) (a), for eligible risks, and adopt  
46 property insurance forms for eligible risks which cover the  
47 peril of wind only.

PCS for CSHB 1101 a2

Published On: 2/21/2012 5:19:56 PM

Amendment No. 2

48 a. As used in this subsection, the term:

49 (I) "Quota share primary insurance" means an arrangement  
50 in which the primary hurricane coverage of an eligible risk is  
51 provided in specified percentages by the corporation and an  
52 authorized insurer. The corporation and authorized insurer are  
53 each solely responsible for a specified percentage of hurricane  
54 coverage of an eligible risk as set forth in a quota share  
55 primary insurance agreement between the corporation and an  
56 authorized insurer and the insurance contract. The  
57 responsibility of the corporation or authorized insurer to pay  
58 its specified percentage of hurricane losses of an eligible  
59 risk, as set forth in the agreement, may not be altered by the  
60 inability of the other party to pay its specified percentage of  
61 losses. Eligible risks that are provided hurricane coverage  
62 through a quota share primary insurance arrangement must be  
63 provided policy forms that set forth the obligations of the  
64 corporation and authorized insurer under the arrangement,  
65 clearly specify the percentages of quota share primary insurance  
66 provided by the corporation and authorized insurer, and  
67 conspicuously and clearly state that the authorized insurer and  
68 the corporation may not be held responsible beyond their  
69 specified percentage of coverage of hurricane losses.

70 (II) "Eligible risks" means personal lines residential and  
71 commercial lines residential risks that meet the underwriting  
72 criteria of the corporation and are located in areas that were  
73 eligible for coverage by the Florida Windstorm Underwriting  
74 Association on January 1, 2002.

## Amendment No. 2

75           b. The corporation may enter into quota share primary  
76 insurance agreements with authorized insurers at corporation  
77 coverage levels of 90 percent and 50 percent.

78           c. If the corporation determines that additional coverage  
79 levels are necessary to maximize participation in quota share  
80 primary insurance agreements by authorized insurers, the  
81 corporation may establish additional coverage levels. However,  
82 the corporation's quota share primary insurance coverage level  
83 may not exceed 90 percent.

84           d. Any quota share primary insurance agreement entered  
85 into between an authorized insurer and the corporation must  
86 provide for a uniform specified percentage of coverage of  
87 hurricane losses, by county or territory as set forth by the  
88 corporation board, for all eligible risks of the authorized  
89 insurer covered under the agreement.

90           e. Any quota share primary insurance agreement entered  
91 into between an authorized insurer and the corporation is  
92 subject to review and approval by the office. However, such  
93 agreement shall be authorized only as to insurance contracts  
94 entered into between an authorized insurer and an insured who is  
95 already insured by the corporation for wind coverage.

96           f. For all eligible risks covered under quota share  
97 primary insurance agreements, the exposure and coverage levels  
98 for both the corporation and authorized insurers shall be  
99 reported by the corporation to the Florida Hurricane Catastrophe  
100 Fund. For all policies of eligible risks covered under such  
101 agreements, the corporation and the authorized insurer must  
102 maintain complete and accurate records for the purpose of

PCS for CSHB 1101 a2

Published On: 2/21/2012 5:19:56 PM

Amendment No. 2

103 exposure and loss reimbursement audits as required by fund  
104 rules. The corporation and the authorized insurer shall each  
105 maintain duplicate copies of policy declaration pages and  
106 supporting claims documents.

107 g. The corporation board shall establish in its plan of  
108 operation standards for quota share agreements which ensure that  
109 there is no discriminatory application among insurers as to the  
110 terms of the agreements, pricing of the agreements, incentive  
111 provisions if any, and consideration paid for servicing policies  
112 or adjusting claims.

113 h. The quota share primary insurance agreement between the  
114 corporation and an authorized insurer must set forth the  
115 specific terms under which coverage is provided, including, but  
116 not limited to, the sale and servicing of policies issued under  
117 the agreement by the insurance agent of the authorized insurer  
118 producing the business, the reporting of information concerning  
119 eligible risks, the payment of premium to the corporation, and  
120 arrangements for the adjustment and payment of hurricane claims  
121 incurred on eligible risks by the claims adjuster and personnel  
122 of the authorized insurer. Entering into a quota sharing  
123 insurance agreement between the corporation and an authorized  
124 insurer is voluntary and at the discretion of the authorized  
125 insurer.

126 3.a. May provide that the corporation may employ or  
127 otherwise contract with individuals or other entities to provide  
128 administrative or professional services that may be appropriate  
129 to effectuate the plan. The corporation may borrow funds by  
130 issuing bonds or by incurring other indebtedness, and shall have

PCS for CSHB 1101 a2

Published On: 2/21/2012 5:19:56 PM

Amendment No. 2

131 other powers reasonably necessary to effectuate the requirements  
132 of this subsection, including, without limitation, the power to  
133 issue bonds and incur other indebtedness in order to refinance  
134 outstanding bonds or other indebtedness. The corporation may  
135 seek judicial validation of its bonds or other indebtedness  
136 under chapter 75. The corporation may issue bonds or incur other  
137 indebtedness, or have bonds issued on its behalf by a unit of  
138 local government pursuant to subparagraph (q)2. in the absence  
139 of a hurricane or other weather-related event, upon a  
140 determination by the corporation, subject to approval by the  
141 office, that such action would enable it to efficiently meet the  
142 financial obligations of the corporation and that such  
143 financings are reasonably necessary to effectuate the  
144 requirements of this subsection. The corporation may take all  
145 actions needed to facilitate tax-free status for such bonds or  
146 indebtedness, including formation of trusts or other affiliated  
147 entities. The corporation may pledge assessments, projected  
148 recoveries from the Florida Hurricane Catastrophe Fund, other  
149 reinsurance recoverables, market equalization and other  
150 surcharges, and other funds available to the corporation as  
151 security for bonds or other indebtedness. In recognition of s.  
152 10, Art. I of the State Constitution, prohibiting the impairment  
153 of obligations of contracts, it is the intent of the Legislature  
154 that no action be taken whose purpose is to impair any bond  
155 indenture or financing agreement or any revenue source committed  
156 by contract to such bond or other indebtedness.

157       b. To ensure that the corporation is operating in an  
158 efficient and economic manner while providing quality service to  
PCS for CSHB 1101 a2

Published On: 2/21/2012 5:19:56 PM

Amendment No. 2

159 policyholders, applicants, and agents, the board shall  
160 commission an independent third-party consultant having  
161 expertise in insurance company management or insurance company  
162 management consulting to prepare a report and make  
163 recommendations on the relative costs and benefits of  
164 outsourcing various policy issuance and service functions to  
165 private servicing carriers or entities performing similar  
166 functions in the private market for a fee, rather than  
167 performing such functions in-house. In making such  
168 recommendations, the consultant shall consider how other  
169 residual markets, both in this state and around the country,  
170 outsource appropriate functions or use servicing carriers to  
171 better match expenses with revenues that fluctuate based on a  
172 widely varying policy count. The report must be completed by  
173 July 1, 2012. Upon receiving the report, the board shall develop  
174 a plan to implement the report and submit the plan for review,  
175 modification, and approval to the Financial Services Commission.  
176 Upon the commission's approval of the plan, the board shall  
177 begin implementing the plan by January 1, 2013.

178 4. Must require that the corporation operate subject to  
179 the supervision and approval of a board of governors consisting  
180 of eight individuals who are residents of this state, from  
181 different geographical areas of this state.

182 a. The Governor, the Chief Financial Officer, the  
183 President of the Senate, and the Speaker of the House of  
184 Representatives shall each appoint two members of the board. At  
185 least one of the two members appointed by each appointing  
186 officer must have demonstrated expertise in insurance and is

COMMITTEE/SUBCOMMITTEE AMENDMENT

PCS Name: PCS for CS/HB 1101 (2012)

Amendment No. 2

187 deemed to be within the scope of the exemption provided in s.  
188 112.313(7) (b). The Chief Financial Officer shall designate one  
189 of the appointees as chair. All board members serve at the  
190 pleasure of the appointing officer. All members of the board are  
191 subject to removal at will by the officers who appointed them.  
192 All board members, including the chair, must be appointed to  
193 serve for 3-year terms beginning annually on a date designated  
194 by the plan. However, for the first term beginning on or after  
195 July 1, 2009, each appointing officer shall appoint one member  
196 of the board for a 2-year term and one member for a 3-year term.  
197 A board vacancy shall be filled for the unexpired term by the  
198 appointing officer. The Chief Financial Officer shall appoint a  
199 technical advisory group to provide information and advice to  
200 the board in connection with the board's duties under this  
201 subsection. The executive director and senior managers of the  
202 corporation shall be engaged by the board and serve at the  
203 pleasure of the board. Any executive director appointed on or  
204 after July 1, 2006, is subject to confirmation by the Senate.  
205 The executive director is responsible for employing other staff  
206 as the corporation may require, subject to review and  
207 concurrence by the board.

208       b. The board shall create a Market Accountability Advisory  
209 Committee to assist the corporation in developing awareness of  
210 its rates and its customer and agent service levels in  
211 relationship to the voluntary market insurers writing similar  
212 coverage.

213       (I) The members of the advisory committee consist of the  
214 following 11 persons, one of whom must be elected chair by the  
PCS for CSHB 1101 a2

Published On: 2/21/2012 5:19:56 PM

COMMITTEE/SUBCOMMITTEE AMENDMENT

PCS Name: PCS for CS/HB 1101 (2012)

Amendment No. 2

215 members of the committee: four representatives, one appointed by  
216 the Florida Association of Insurance Agents, one by the Florida  
217 Association of Insurance and Financial Advisors, one by the  
218 Professional Insurance Agents of Florida, and one by the Latin  
219 American Association of Insurance Agencies; three  
220 representatives appointed by the insurers with the three highest  
221 voluntary market share of residential property insurance  
222 business in the state; one representative from the Office of  
223 Insurance Regulation; one consumer appointed by the board who is  
224 insured by the corporation at the time of appointment to the  
225 committee; one representative appointed by the Florida  
226 Association of Realtors; and one representative appointed by the  
227 Florida Bankers Association. All members shall be appointed to  
228 3-year terms and may serve for consecutive terms.

229 (II) The committee shall report to the corporation at each  
230 board meeting on insurance market issues which may include rates  
231 and rate competition with the voluntary market; service,  
232 including policy issuance, claims processing, and general  
233 responsiveness to policyholders, applicants, and agents; and  
234 matters relating to depopulation.

235 5. Must provide a procedure for determining the  
236 eligibility of a risk for coverage, as follows:

237 a. Subject to s. 627.3517, with respect to personal lines  
238 residential risks, if the risk is offered coverage from an  
239 authorized insurer at the insurer's approved rate under a  
240 standard policy including wind coverage or, if consistent with  
241 the insurer's underwriting rules as filed with the office, a  
242 basic policy including wind coverage, for a new application to

PCS for CSHB 1101 a2

Published On: 2/21/2012 5:19:56 PM

Amendment No. 2

243 the corporation for coverage, the risk is not eligible for any  
244 policy issued by the corporation unless the premium for coverage  
245 from the authorized insurer is more than 15 percent greater than  
246 the premium for comparable coverage from the corporation. If the  
247 risk is not able to obtain such offer, the risk is eligible for  
248 a standard policy including wind coverage or a basic policy  
249 including wind coverage issued by the corporation; however, if  
250 the risk could not be insured under a standard policy including  
251 wind coverage regardless of market conditions, the risk is  
252 eligible for a basic policy including wind coverage unless  
253 rejected under subparagraph 8. However, a policyholder of the  
254 corporation or a policyholder removed from the corporation  
255 through an assumption agreement until the end of the assumption  
256 period remains eligible for coverage from the corporation  
257 regardless of any offer of coverage from an authorized insurer  
258 or surplus lines insurer. The corporation shall determine the  
259 type of policy to be provided on the basis of objective  
260 standards specified in the underwriting manual and based on  
261 generally accepted underwriting practices.

262 (I) If the risk accepts an offer of coverage through the  
263 market assistance plan or through a mechanism established by the  
264 corporation before a policy is issued to the risk by the  
265 corporation or during the first 30 days of coverage by the  
266 corporation, and the producing agent who submitted the  
267 application to the plan or to the corporation is not currently  
268 appointed by the insurer, the insurer shall:

269 (A) Pay to the producing agent of record of the policy for  
270 the first year, an amount that is the greater of the insurer's

Amendment No. 2

271 usual and customary commission for the type of policy written or  
272 a fee equal to the usual and customary commission of the  
273 corporation; or

274 (B) Offer to allow the producing agent of record of the  
275 policy to continue servicing the policy for at least 1 year and  
276 offer to pay the agent the greater of the insurer's or the  
277 corporation's usual and customary commission for the type of  
278 policy written.

279

280 If the producing agent is unwilling or unable to accept  
281 appointment, the new insurer shall pay the agent in accordance  
282 with sub-sub-sub-subparagraph (A).

283 (II) If the corporation enters into a contractual  
284 agreement for a take-out plan, the producing agent of record of  
285 the corporation policy is entitled to retain any unearned  
286 commission on the policy, and the insurer shall:

287 (A) Pay to the producing agent of record, for the first  
288 year, an amount that is the greater of the insurer's usual and  
289 customary commission for the type of policy written or a fee  
290 equal to the usual and customary commission of the corporation;  
291 or

292 (B) Offer to allow the producing agent of record to  
293 continue servicing the policy for at least 1 year and offer to  
294 pay the agent the greater of the insurer's or the corporation's  
295 usual and customary commission for the type of policy written.

296

Amendment No. 2

297 If the producing agent is unwilling or unable to accept  
298 appointment, the new insurer shall pay the agent in accordance  
299 with sub-sub-sub-subparagraph (A).

300 b. With respect to commercial lines residential risks, for  
301 a new application to the corporation for coverage, if the risk  
302 is offered coverage under a policy including wind coverage from  
303 an authorized insurer at its approved rate, the risk is not  
304 eligible for a policy issued by the corporation unless the  
305 premium for coverage from the authorized insurer is more than 15  
306 percent greater than the premium for comparable coverage from  
307 the corporation. If the risk is not able to obtain any such  
308 offer, the risk is eligible for a policy including wind coverage  
309 issued by the corporation. However, a policyholder of the  
310 corporation or a policyholder removed from the corporation  
311 through an assumption agreement until the end of the assumption  
312 period remains eligible for coverage from the corporation  
313 regardless of an offer of coverage from an authorized insurer or  
314 surplus lines insurer.

315 (I) If the risk accepts an offer of coverage through the  
316 market assistance plan or through a mechanism established by the  
317 corporation before a policy is issued to the risk by the  
318 corporation or during the first 30 days of coverage by the  
319 corporation, and the producing agent who submitted the  
320 application to the plan or the corporation is not currently  
321 appointed by the insurer, the insurer shall:

322 (A) Pay to the producing agent of record of the policy,  
323 for the first year, an amount that is the greater of the  
324 insurer's usual and customary commission for the type of policy

Amendment No. 2

325 written or a fee equal to the usual and customary commission of  
326 the corporation; or

327 (B) Offer to allow the producing agent of record of the  
328 policy to continue servicing the policy for at least 1 year and  
329 offer to pay the agent the greater of the insurer's or the  
330 corporation's usual and customary commission for the type of  
331 policy written.

332

333 If the producing agent is unwilling or unable to accept  
334 appointment, the new insurer shall pay the agent in accordance  
335 with sub-sub-sub-subparagraph (A).

336 (II) If the corporation enters into a contractual  
337 agreement for a take-out plan, the producing agent of record of  
338 the corporation policy is entitled to retain any unearned  
339 commission on the policy, and the insurer shall:

340 (A) Pay to the producing agent of record, for the first  
341 year, an amount that is the greater of the insurer's usual and  
342 customary commission for the type of policy written or a fee  
343 equal to the usual and customary commission of the corporation;  
344 or

345 (B) Offer to allow the producing agent of record to  
346 continue servicing the policy for at least 1 year and offer to  
347 pay the agent the greater of the insurer's or the corporation's  
348 usual and customary commission for the type of policy written.

349

350 If the producing agent is unwilling or unable to accept  
351 appointment, the new insurer shall pay the agent in accordance  
352 with sub-sub-sub-subparagraph (A).

PCS for CSHB 1101 a2

Published On: 2/21/2012 5:19:56 PM

## Amendment No. 2

353 c. For purposes of determining comparable coverage under  
354 sub-subparagraphs a. and b., the comparison must be based on  
355 those forms and coverages that are reasonably comparable. The  
356 corporation may rely on a determination of comparable coverage  
357 and premium made by the producing agent who submits the  
358 application to the corporation, made in the agent's capacity as  
359 the corporation's agent. A comparison may be made solely of the  
360 premium with respect to the main building or structure only on  
361 the following basis: the same coverage A or other building  
362 limits; the same percentage hurricane deductible that applies on  
363 an annual basis or that applies to each hurricane for commercial  
364 residential property; the same percentage of ordinance and law  
365 coverage, if the same limit is offered by both the corporation  
366 and the authorized insurer; the same mitigation credits, to the  
367 extent the same types of credits are offered both by the  
368 corporation and the authorized insurer; the same method for loss  
369 payment, such as replacement cost or actual cash value, if the  
370 same method is offered both by the corporation and the  
371 authorized insurer in accordance with underwriting rules; and  
372 any other form or coverage that is reasonably comparable as  
373 determined by the board. If an application is submitted to the  
374 corporation for wind-only coverage in the coastal account, the  
375 premium for the corporation's wind-only policy plus the premium  
376 for the ex-wind policy that is offered by an authorized insurer  
377 to the applicant must be compared to the premium for multiperil  
378 coverage offered by an authorized insurer, subject to the  
379 standards for comparison specified in this subparagraph. If the  
380 corporation or the applicant requests from the authorized

PCS for CSHB 1101 a2

Published On: 2/21/2012 5:19:56 PM

Amendment No. 2

381 insurer a breakdown of the premium of the offer by types of  
382 coverage so that a comparison may be made by the corporation or  
383 its agent and the authorized insurer refuses or is unable to  
384 provide such information, the corporation may treat the offer as  
385 not being an offer of coverage from an authorized insurer at the  
386 insurer's approved rate.

387         6. Must include rules for classifications of risks and  
388 rates.

389         7. Must provide that if premium and investment income for  
390 an account attributable to a particular calendar year are in  
391 excess of projected losses and expenses for the account  
392 attributable to that year, such excess shall be held in surplus  
393 in the account. Such surplus must be available to defray  
394 deficits in that account as to future years and used for that  
395 purpose before assessing assessable insurers and assessable  
396 insureds as to any calendar year.

397         8. Must provide objective criteria and procedures to be  
398 uniformly applied to all applicants in determining whether an  
399 individual risk is so hazardous as to be uninsurable. In making  
400 this determination and in establishing the criteria and  
401 procedures, the following must be considered:

402             a. Whether the likelihood of a loss for the individual  
403 risk is substantially higher than for other risks of the same  
404 class; and

405             b. Whether the uncertainty associated with the individual  
406 risk is such that an appropriate premium cannot be determined.

407

Amendment No. 2

408 The acceptance or rejection of a risk by the corporation shall  
409 be construed as the private placement of insurance, and the  
410 provisions of chapter 120 do not apply.

411 9. Must provide that the corporation make its best efforts  
412 to procure catastrophe reinsurance at reasonable rates, to cover  
413 its projected 100-year probable maximum loss as determined by  
414 the board of governors.

415 10. The policies issued by the corporation must provide  
416 that if the corporation or the market assistance plan obtains an  
417 offer from an authorized insurer to cover the risk at its  
418 approved rates, the risk is no longer eligible for renewal  
419 through the corporation, except as otherwise provided in this  
420 subsection.

421 11. Corporation policies and applications must include a  
422 notice that the corporation policy could, under this section, be  
423 replaced with a policy issued by an authorized insurer which  
424 does not provide coverage identical to the coverage provided by  
425 the corporation. The notice must also specify that acceptance of  
426 corporation coverage creates a conclusive presumption that the  
427 applicant or policyholder is aware of this potential.

428 12. May establish, subject to approval by the office,  
429 different eligibility requirements and operational procedures  
430 for any line or type of coverage for any specified county or  
431 area if the board determines that such changes are justified due  
432 to the voluntary market being sufficiently stable and  
433 competitive in such area or for such line or type of coverage  
434 and that consumers who, in good faith, are unable to obtain  
435 insurance through the voluntary market through ordinary methods

Amendment No. 2

436 continue to have access to coverage from the corporation. If  
437 coverage is sought in connection with a real property transfer,  
438 the requirements and procedures may not provide an effective  
439 date of coverage later than the date of the closing of the  
440 transfer as established by the transferor, the transferee, and,  
441 if applicable, the lender.

442 13. Must provide that, with respect to the coastal  
443 account, any assessable insurer with a surplus as to  
444 policyholders of \$25 million or less writing 25 percent or more  
445 of its total countrywide property insurance premiums in this  
446 state may petition the office, within the first 90 days of each  
447 calendar year, to qualify as a limited apportionment company. A  
448 regular assessment levied by the corporation on a limited  
449 apportionment company for a deficit incurred by the corporation  
450 for the coastal account may be paid to the corporation on a  
451 monthly basis as the assessments are collected by the limited  
452 apportionment company from its insureds pursuant to s. 627.3512,  
453 but the regular assessment must be paid in full within 12 months  
454 after being levied by the corporation. A limited apportionment  
455 company shall collect from its policyholders any emergency  
456 assessment imposed under sub-subparagraph (b)3.d. The plan must  
457 provide that, if the office determines that any regular  
458 assessment will result in an impairment of the surplus of a  
459 limited apportionment company, the office may direct that all or  
460 part of such assessment be deferred as provided in subparagraph  
461 (q)4. However, an emergency assessment to be collected from  
462 policyholders under sub-subparagraph (b)3.d. may not be limited  
463 or deferred.

PCS for CSHB 1101 a2

Published On: 2/21/2012 5:19:56 PM

## Amendment No. 2

464 14. Must provide that the corporation appoint as its  
465 licensed agents only those agents who also hold an appointment  
466 as defined in s. 626.015(3) with an insurer who at the time of  
467 the agent's initial appointment by the corporation is authorized  
468 to write and is actually writing personal lines residential  
469 property coverage, commercial residential property coverage, or  
470 commercial nonresidential property coverage within the state.

471 15. Must provide a premium payment plan option to its  
472 policyholders which, at a minimum, allows for quarterly and  
473 semiannual payment of premiums. A monthly payment plan may, but  
474 is not required to, be offered.

475 16. Must limit coverage on mobile homes or manufactured  
476 homes built before 1994 to actual cash value of the dwelling  
477 rather than replacement costs of the dwelling.

478 17. May provide such limits of coverage as the board  
479 determines, consistent with the requirements of this subsection.

480 18. May require commercial property to meet specified  
481 hurricane mitigation construction features as a condition of  
482 eligibility for coverage.

483 19. Must provide that new or renewal policies issued by  
484 the corporation on or after January 1, 2012, which cover  
485 sinkhole loss do not include coverage for any loss to  
486 appurtenant structures, driveways, sidewalks, decks, or patios  
487 that are directly or indirectly caused by sinkhole activity. The  
488 corporation shall exclude such coverage using a notice of  
489 coverage change, which may be included with the policy renewal,  
490 and not by issuance of a notice of nonrenewal of the excluded  
491 coverage upon renewal of the current policy.

Amendment No. 2

492 20. As of January 1, 2012, must require that the agent  
493 obtain from an applicant for coverage from the corporation an  
494 acknowledgement signed by the applicant, which includes, at a  
495 minimum, the following statement:

496 ACKNOWLEDGEMENT OF POTENTIAL SURCHARGE

497 AND ASSESSMENT LIABILITY:

498 1. AS A POLICYHOLDER OF CITIZENS PROPERTY INSURANCE  
499 CORPORATION, I UNDERSTAND THAT IF THE CORPORATION SUSTAINS A  
500 DEFICIT AS A RESULT OF HURRICANE LOSSES OR FOR ANY OTHER REASON,  
501 MY POLICY COULD BE SUBJECT TO SURCHARGES, WHICH WILL BE DUE AND  
502 PAYABLE UPON RENEWAL, CANCELLATION, OR TERMINATION OF THE  
503 POLICY, AND THAT THE SURCHARGES COULD BE AS HIGH AS 45 PERCENT  
504 OF MY PREMIUM, OR A DIFFERENT AMOUNT AS IMPOSED BY THE FLORIDA  
505 LEGISLATURE.

506 2. I ALSO UNDERSTAND THAT I MAY BE SUBJECT TO EMERGENCY  
507 ASSESSMENTS TO THE SAME EXTENT AS POLICYHOLDERS OF OTHER  
508 INSURANCE COMPANIES, OR A DIFFERENT AMOUNT AS IMPOSED BY THE  
509 FLORIDA LEGISLATURE.

510 3. I ALSO UNDERSTAND THAT CITIZENS PROPERTY INSURANCE  
511 CORPORATION IS NOT SUPPORTED BY THE FULL FAITH AND CREDIT OF THE  
512 STATE OF FLORIDA.

513 a. The corporation shall maintain, in electronic format or  
514 otherwise, a copy of the applicant's signed acknowledgement and  
515 provide a copy of the statement to the policyholder as part of  
516 the first renewal after the effective date of this subparagraph.

Amendment No. 2

517 b. The signed acknowledgement form creates a conclusive  
518 presumption that the policyholder understood and accepted his or  
519 her potential surcharge and assessment liability as a  
520 policyholder of the corporation.

521 (ff) In establishing replacement costs for coverage on a  
522 dwelling insured by the corporation, the corporation must accept  
523 a valuation from any of the following sources and must use the  
524 lowest valuation as the insured value of the dwelling, provided  
525 the valuation was completed within the 12 months prior to the  
526 application or renewal date of coverage:

527 a. A replacement cost valuation software which is  
528 specifically designed for use in establishing insurance  
529 replacement costs and which includes an itemized calculation of  
530 the cost of reconstruction;

531 b. A replacement cost valuation prepared by a certified or  
532 licensed real estate appraiser under Part II of Chapter 475 that  
533 is specifically formulated to establish insurance replacement  
534 cost, rather than market value, and which includes an itemized  
535 calculation of the cost of reconstruction; or

536 c. A replacement cost valuation prepared by a general,  
537 building, or residential contractor licensed under s. 489.213;  
538 or a professional engineer licensed under s. 471.015, which  
539 includes an itemized calculation of the total price of  
540 reconstruction.

541  
542  
543  
544

-----

Amendment No. 2

545  
546  
547  
548  
549  
550  
551  
552  
553  
554  
555  
556

**D I R E C T O R Y   A M E N D M E N T**

Remove lines 615-616 and insert:  
amended and paragraph (ff) of subsection (6) of section 627.351,  
Florida Statute, is created to read:



**T I T L E   A M E N D M E N T**

Remove lines 53-59 and insert:  
policies; specifying acceptable valuations for